

8 March 1957

CONFIDENTIAL

BUDGET - 35
FINANCE - 45
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COMPTROLLER INSTRUCTION NO. 38

SUBJECT: Time or Cash Discounts Offered by Vendors

1. PURPOSE

The purpose of this instruction is to set forth the policy with respect to the taking of time or cash discounts offered by vendors. This policy is consistent with the policy as stated in the Comptroller General's circular letter No. B130542, dated 15 February 1957, to the Heads of Departments, Independent Establishments and others concerned.

2. POLICY

- a. Discounts offered by vendors for prompt payment shall be taken only when payment is made within the number of days specified, commencing either with the date of delivery of the supplies or of completion of the service, or the date a correct billing is received in the office to which the payee was directed to submit his billing, whichever is the later.
- b. Discount terms may vary according to the form of contract utilized, and the specific terms upon which such discounts may be offered by Government contractors or suppliers, but it is essential in the interest of the Government that prompt payment discounts be deducted only on the basis authorized by the contractor or suppliers. The taking of unearned discounts tend to affect adversely the good-business and customer relationship between the Government and its contractors and suppliers.
- c. Discount shall be computed on the gross amount of the invoice, excluding transportation charges, before deductions or allowances are made for liquidation damages, exchange allowances, freight equalization, excess freight charges, etc., unless the contract provides otherwise. Discount should not, of course, be taken on amounts deducted because of non-delivery of a portion of the material or because of errors in calculation.

DOCUMENT NO. _____

NO CHANGE IN CLASS. ☐

☐ DECLASSIFIED

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- d. When time discounts are offered for prompt settlement of accounts, it is imperative that all components of the Agency **which are** involved in processes relative to payment of such invoices exert every reasonable effort to expedite the invoice for payment within the discount period offered.
- e. Payment shall be considered to have been made as of the date of mailing of the check in payment for the services, supplies or equipment furnished.


E. R. SAUNDERS
Comptroller

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